



Washington State Senator

**Don Carlson**

49th Legislative District

Spring 2004

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**Senate committees:**

- Higher Education, chair
- Education
- Children and Family Services and Corrections
- Ways and Means

**Other committees:**

- Western Interstate Commission on Higher Education, chair
- Select Committee on Pension Policy

**Oral History Review Board**

- Washington Institute for Public Policy Board

Dear Friends,

The 2004 Legislature finished its 60-day session on time last month. Several key issues were approved this year:

- a supplemental operating budget that addresses important needs while leaving the state with more than \$300 million in reserves;
- a replacement to Washington's blanket primary, which was ruled unconstitutional by the courts;
- several K-12 education bills, including changes to the WASL test, the state's Learning Assistance Program, how schools collect voter-approved money, and the creation of charter schools;
- a bill reforming the small-group health insurance system;
- bills extending the high-tech tax credits and rural county sales and use tax deferral; and
- measures dealing with domestic violence.

If you have any questions or comments about the issues that the Legislature addressed this session, please let me know. As always, it is a privilege and honor to serve as your state senator.

Sincerely,

A handwritten signature in cursive script that reads "Don Carlson".

DON CARLSON

**Operating budget at-a-glance**

*Fiscally responsible with a heart*

Last year, the Legislature met a \$2.6 billion budget shortfall without increasing taxes and without resorting to painful cuts to public services. This year, we made minor changes to the state's two-year \$23.2 billion budget. Here's the budget at a glance:

- \$145 million in supplemental spending for 2004
- Leaves more than \$300 million in reserve
- Includes no new general taxes
- Slowest growing budget in state history
- Renews important high-tech R&D incentives to create jobs
- Funds 3,000 new enrollments in colleges & universities
- Provides full funding for nursing homes
- Doubles the funding for domestic shelters and domestic violence services — roughly \$2 million.
- Increases salaries for low-paid classified school employees by 1 percent
- Approves home health-care worker contract
- Increases funding for area agencies on aging to improve in-home long-term care

### Governor vetoes budget inclusion of study to make WSUV a four-year university

In addition, the budget directed Washington State University Vancouver (WSUV) to submit a plan to the Legislature by Dec. 15, 2004, to phase in lower-division courses at the campus. (This session, I introduced a bill calling for a similar study. This measure was passed by the Senate before stalling in the House.) In developing the plan, WSUV had to seek input from students, WSU officials, Clark College and Lower Columbia College, local economic development councils, and local business and labor leaders. The plan was to cover several issues, including:

- an enrollment plan that provides enough capacity for community college transfer students;
- the appropriate levels of state funding, tuition and fees for WSUV to offer classes and research facilities to meet the region's accessibility and economic needs;
- capital needs; and
- start-up costs to implement the phase-in of lower-division courses.

Unfortunately, Gov. Locke vetoed the WSU study from the budget, but HB 2707, which was passed by the Legislature and signed by the governor, does provide for studies of branch campus areas, including Southwest Washington.

### Expanding higher ed opportunities

The state's higher education system continues to strain with the "baby boom echo" and unemployed workers returning to school, so the Legislature took a two-pronged approach to solving the problem.

First, we provided \$17 million in immediate funding—or roughly 3,000 new general and high-demand enrollments. Then we directed the state Higher Education Coordinating Board to develop specific recommendations to prevent this funding shortage in the future.

We also funded a number of financial aid alternatives to help students and their families afford college, including:

- \$4.5 million for State Need Grants;
- \$2 million for the Health Professional Loan Program, which will triple the size of the program and assist in the recruitment and retention of health care providers in underserved areas;
- \$2.3 million for Promise Scholarships; and
- \$60,000 for Washington Center Scholarships to allow 15 Washington college students to participate in full-time, semester-long internships in Washington, D.C.

### Trying to improve Washington's economy and jobs climate

Washington's economy is just now starting to recover from its lengthy recession. Our unemployment rate still ranks among the highest in the nation. With these facts in



mind, it is still very important for the Legislature to take steps to improve the state's economy and jobs climate. This session, the Legislature enacted some important measures to achieve this goal, but failed to approve a few other key proposals. Here is a look at some of these measures:

#### Renewing key tax incentives to create jobs:

With 37 other states already offering tax incentives to high-tech research and development firms, the Legislature's first order of business was to renew key tax incentives to maintain our state's high-tech research and development companies—and the family-wage jobs these companies create.

These incentives are especially important in our area where several high-tech companies currently benefit from the tax credits against our state's onerous





B&O tax. This bill was the first one to pass the Legislature this session and it has already been signed into law. We also passed a measure (SSB 6240) extending the rural county sales and use tax deferral and B&O tax credit for software job creation. Under the bill, a \$1,000 B&O tax credit is available for each new software manufacturing or computer-programming job created in a rural county.

**Cutting through the red tape:** Right now, people who want to appeal or challenge agency rules have to drive all the way to Olympia to have their day in court. This session, we approved a bill to allow these cases to be heard in additional counties around the state. People shouldn't have to give up a day of work and a couple tanks of gas to get a fair hearing. The House failed to take action on Senate-approved measures that would have: required the governor to approve state agency rules (ESB 5257) and prevented state regulations from exceeding federal standards without prior authority by the Legislature (SSB 5053).

**Helping small businesses get off the ground:** Recognizing that 98 percent of Washington's businesses are small businesses and small businesses have the hardest time in the first several years, we approved a bill creating a Small Business Incubator Program to assist start-up and existing firms with viable products that are located in economically distressed or disadvantaged areas.

**Addressing impact fees:** The Senate this year passed a measure (ESSB 6413) that would have limited the time when local governments could collect impact fees for home construction to the time of final inspection or when the certificate of occupancy is issued. The bill wasn't approved by the House.

### Governor vetoes Top Two primary approved by Legislature

This year, the Legislature was forced to adopt an alternative to the state's blanket primary when it was ruled unconstitutional in federal court. During the last week of session, the House and Senate agreed on an alternative (ESB 6453) called the Top Two system, which has one ballot at the primary election on which all candidates appear (similar to the blanket primary). I voted for this bill. The two candidates in each race who receive the most votes, regardless of party, advance to the general election. This means it's possible for two candidates

from the same party to wind up in a general election. The bill would insert the Montana-style primary if the Top Two system was thrown out by the courts. Gov. Locke recently vetoed the Top Two system from the bill, which for now gives us the Montana system as our new primary. Under that system, voters have to pick one party's ballot for the primary, although their privacy would be protected. The Washington State Grange has filed an initiative, I-872, which seeks to replace the Montana-style primary with the Top Two system. The governor's decision has been made, and I agree the Legislature needs to move on. We have other important issues to address, like education and the environment.

### Capital budget funds local projects

The state capital construction budget pays for state-owned buildings and parks. The supplemental capital construction budget passed by the Legislature last month includes two projects that have local interest: \$2 million for the Lewis and Clark confluence project, and \$250,000 for the Fort Vancouver barracks project. The capital budget aids higher education by providing more than \$115 million in new "Gardner/Evans" spending for colleges and universities to use as they anticipate the arrival of the "baby boom echo" in a few years.

### Key education measures approved

The Legislature passed four measures to improve Washington's K-12 education system:

**Helping schools collect voter-approved money.** SSB 6211, which I prime-sponsored, allows school districts to collect local voter-approved levy money that they couldn't utilize because of the state's levy lid.



**Allowing retakes on the WASL.** 3ESHB 2195 makes changes to the Washington Assessment of Student Learning. It allows high school sophomores to retake the test up to four times at no cost to the students. The retakes will be available by no later than September 2006. The measure allows students to receive a Certificate of Academic Achievement (CAA) instead of Certificate of Mastery when passing the WASL. It also instructs the Office of Superintendent of Public Instruction (OSPI) to make recommendations for alternative assessments, with those assessments requiring approval by the Legislature before being enacted.

**Refocusing Learning Assistance Program.** ESSB 5877 reforms and strengthens the state's Learning Assistance Program. The bill focuses on the best practices to support struggling students, provides greater program accountability and stabilizes allocations to school districts that need the most help.

**Authorizing creation of charter schools.** E2SHB 2295 authorizes the development of charter schools within the public school system by allowing school districts to convert some schools to charter schools or to provide for the development of new schools.

### Remedial education system to be studied



The state's remedial education system needs to be reformed. Over \$17 million is spent annually on teaching remedial courses to high school graduates enrolling in a college or university. A recent report showed that 57 percent of all high school graduates who immediately enroll in a community or technical college have to take a remedial class upon entering college. It should

concern everyone that we have to pay twice to teach these students when they should have learned these subjects the first time. Something is wrong with our K-12 system that needs to be fixed. We want to ensure that students who want to attend college are indeed ready for college coursework.

The Legislature this session passed a bill (SSB 5139) requiring a study of the state's remedial education system and how it can be improved. Under this measure that I prime-sponsored, the Higher Education Coordinating Board, the Office of Superintendent of Public Instruction (OSPI) and the State Board for Community and Technical Colleges (SBCTC) will convene a work group to study the state's remedial education system. The work group will discuss standards and expectations for high school graduates to do college-level work, identify the causes of current gaps in students' knowledge and skills, and take steps to address these gaps so the need for high school graduates to take remedial education is reduced.

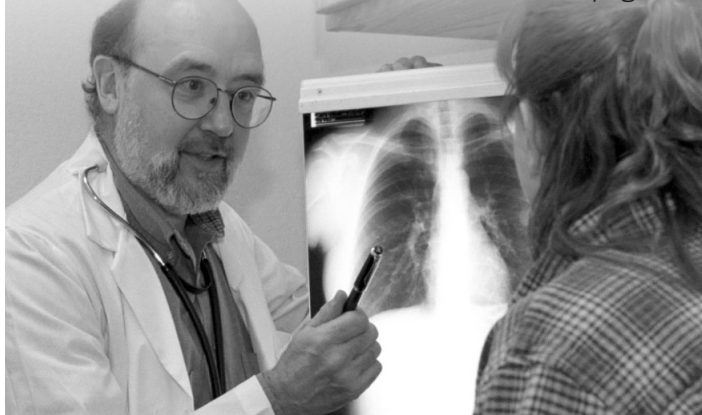
The work group will submit a report by Dec. 15 to the House and Senate education and higher education committees. The report is to include strategies, timelines and benchmarks for reducing remediation over the next three years. After the report comes out, other legislators and I will watch for changes to take place over the next three years to reduce the need for remedial education. If not, we'll revisit this issue and make more significant changes.

### Legislature tries to make health care more affordable

Health care premiums have continued to rise in recent years, making it harder for families to absorb these higher costs. The Legislature tried to address the problem, but with only limited success.

The Legislature passed a measure (ESHB 2460) that aims to reform small-market (or small-group) health insurance requirements. The Senate tried to amend this measure by allowing carriers to offer a health insurance plan featuring a limited list of covered

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Sen. Carlson (center) discusses a bill with Senate Ways and Means Committee Chair Joe Zarelli and Senate Republican Leader Bill Finkbeiner during Senate floor action.

health care services instead of requiring carriers to offer a plan to small employers in which benefits are identical to the Basic Health Plan. Some believe removing this mandate is the key to driving down the cost of health insurance products for small employers. The Senate version of this bill was expected to help provide more affordable health care coverage for thousands of workers employed at small businesses in Washington. The version passed by the Legislature made some changes to the state's insurance mandates, but it still requires any product to cover "every category of provider."

### **Bill passed to protect students from teachers and coaches who prey on them**

Following several media stories late last year about coaches who prey on female athletes, the Legislature passed a bill (SSB 6171) requiring OSPI to conclude within one year investigations about certified school employees accused of misconduct. The current average is 15 months, although some cases have taken more than two years to complete. The bill also requires OSPI to conclude investigations regardless of whether the school employee resigns, lets his/her teaching license expire, or moves out of state.

### **Tort reform efforts fail this year**

Another health care insurance issue that the Legislature tried to address is tort reform. Due to very high medical malpractice insurance premiums, many

doctors have been forced to limit their hours or close their offices for good. This hurts patients' access to health care. The Senate tried to address this by passing ESSB 5728, called the "omnibus liability reform bill." This measure, modeled after a California law, sought to make changes to medical malpractice liability. The House didn't consider this legislation. Many worthwhile bills on this issue were passed by either the House or Senate this year, but they failed to receive approval by the full Legislature. This is definitely an issue that must be addressed again next year.

### **Additional property tax relief bill for seniors**

The Legislature this year passed a measure (SB 5034) that provides property tax relief for seniors by increasing the allowable income for seniors and persons retired on disability to qualify for property tax exemptions and deferrals. It allows health insurance premiums to be deducted before calculating disposable income.



### **Legislature passes bill giving consumers more housing choices**

This year I co-sponsored a measure (SB 6593) that prohibits discrimination against consumers' choices in housing. This measure, as passed by the Legislature, prohibits local governments from enacting any local law or ordinance that discriminates against consumers' choices in the placing or using a manufactured home. However, the measure does allow cities and counties to enact a limited range of regulations dealing with manufactured homes with respect to siting, installation and design. It also requires that manufactured homes built to federal regulatory standards be subject to the same siting regulations as site-built homes, factory-built homes or homes built to any other state construction standard.



### **PERS 2 plan for public safety employees established**



In recent years, many changes have been made to the state's retirement system. This year, the Legislature enacted another change. HB 2537 establishes a new retirement system, the Public Safety Employees' Retirement System (PSERS). A new plan called the Public Safety Employees' Retirement System Plan 2 also is creat-

ed. The following full-time employees are eligible to enroll in this new system: state and local corrections officers, state park rangers, Gambling Commission or Liquor Control Board enforcement officers, and commercial vehicle officers not belonging to the Washington State Patrol Retirement System.

Under PSERS 2, members with five or more years of service are eligible for normal retirement at age 65. PSERS 2 members may instead choose unreduced retirement beginning at age 60, as long as they have at least 10 years of service credit in PSERS. Early retirement is an option beginning at age 53 for those with at least 20 years of service.

### **Bringing more accountability to accounting**

April is the time when many people go to certified public accountants (CPAs) to prepare their tax returns. That said, it's important that the accounting industry has qualified, trusted CPAs. Prior to this session, the State Board of Accountancy asked me to prime-sponsor a bill making changes to the Public Accountancy Act. These changes sought to bring more accountability to the state's accounting industry. These changes include authorizing penalties against CPA applicants, certain non-CPAs and CPAs practicing with a revoked or suspended CPA license. These changes will help ensure that accountants maintain the trust of consumers. The Legislature passed this bill (SB 6123) this year.

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